



ARIZONA BOARD OF APPRAISAL

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MINUTES REGULAR BOARD MEETING Friday, February 18, 2011 9:05 AM

Call to Order and Roll Call

Regular Board meeting called to order by Les Abrams, Chairman.

Board members Present at Roll Call:

Les Abrams
Debbie Rudd
Cynthia Henry
Myra Jefferson
James Heaslet
Michael Petrus
Mike Trueba
Kevin Yeanoplos

Staff Attendance:

Dan Pietropaulo – Executive Director
Jeanne Galvin – Assistant Attorney General
Amanda Benally – Staff
Jessica Sapio – Staff

Pledge Allegiance to the Flag of the United States of America

Approval of Minutes

Cynthia Henry made a motion to approve the January minutes. The motion was seconded by Mike Trueba, Debbie Rudd recommended approval of minutes with corrections to typographical errors. The motion passed.

Cynthia Henry made a motion to approve the February 7 special Board minutes. The motion was seconded by Mike Trueba and passed; James Heaslet and Michael Petrus recused themselves.

Call to the Public

Ken Hege wanted to make the Board aware that he has to take classes over again for his new classification. Classes are not being offered and he is having trouble getting the approval of the courses he has already taken. Mr. Hege wanted to know if the Board would grandfather him in. Debbie Rudd let him know that the Board can't grandfather him in. Dan Pietropaulo let Mr. Hege know that the Board is limited by federal requirements, but he can make an appointment to come in to the Board office and discuss the classes.

Informal Hearing concerning 2917/2970/2971/3052 Brad G. Gregory

Respondent appeared. Debbie Rudd asked Mr. Gregory if he agreed with the investigative report. Mr. Gregory said he did agree that there were some USPAP violations, but he didn't agree with everything. Mr. Gregory said that he went to Mr. Smith after the first complaint was filed with the Board and that he has done everything he can to make himself a better appraiser. Mr. Gregory answered the Board questions.

Michael Petrus made a motion to combine 3052 with complaints 2917, 2970 and 2971 and find a level 3 violation with 6 months probation and 3 files for review without a mentor, requiring 15 hour Basic Appraisal with exam and recognition of classes already taken. Debbie Rudd seconded the motion.

Jeanne Galvin asked for the facts relating to complaint 3052. Debbie Rudd said that it was a single family home in Flagstaff appraised in April of 2009. Appraisal states Maricopa tax records and ARMLS were used which doesn't cover Coconino County properties. 36 other sales were found by a former board member that could have been considered. Violations found were 1-1(A), 1-1(C), 1-4(A) and 2-1(A). Ms. Galvin repeated the motion for the Board: Consent Agreement with 6 months probation, no mentor, and 3 files for review. Remedial education required. Violations are listed in investigative report. The Board voted unanimously in favor of the motion.

Review and Action concerning 3190 Kathryn M. Christen

Respondent appeared. Staff summary was read. This is regarding a property located in Arlington, Maricopa County. Complaint alleges following a review appraisal, USPAP errors were found. Respondent replies best comps used to support the market value.

James Heaslet asked Ms. Christen if she thought that the client would like to know that the property is within 4 miles of a nuclear power plant and she said yes, in hindsight. Board had discussion over comparables and flood zone. Respondent answered the Board questions.

Debbie Rudd made a motion for a level 1 with a nondisciplinary letter of concern citing violations 1-4 (B) (iii) for accrued depreciation for economic conditions. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3198 Greg C. Dickson

Respondent appeared. Staff summary read. This is regarding a property located in Gilbert, Maricopa County. Complaint alleges the appraiser is outside his area of expertise and performed an appraisal below USPAP or State standards. He further failed to back up his claims on the appraisal report when asked for comparables to back up his land value. Respondent replies to the best of my knowledge I performed in accordance to USPAP and provided an accurate and unbiased opinion of market value. There appears to be no credible basis for this complaint. Debbie Rudd made a motion to dismiss. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3192 Tricia L. Reeve

Respondent appeared. Staff summary read. This is regarding a property located in Phoenix, Maricopa County. Complaint alleges the appraiser did not do a complete and independent appraisal; instead she used the previous appraisal done on this property (conducted allegedly by her spouse) and cloned the report. Respondent replies there

are significant differences in the reports that indicate individual research, differing inspection dates, and differing report writing styles. Both appraisers were ethical and impartial in providing their independent opinions of market value.

Michael Petrus pointed out that this was an FHA report and that Ms. Reeve was the original appraiser and that the complaint has it backwards. Board discussed that both appraisals were done by the same appraisal office. Michael Petrus made a motion to dismiss. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3200 Louis J. McBride

Respondent appeared. Staff summary read. This is regarding a property located in Phoenix, Maricopa County. Complaint alleges the appraiser was upwardly adjusting all the comps. Respondent replies I was appropriately upwardly adjusting for closed sales comps for smaller lot size and inferior views or both. Mr. McBride answered Board questions. Debbie Rudd made a motion to dismiss no violations. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 2851 Thomas M. O'Neill

Respondent appeared. Debbie Rudd made a motion to terminate probation and mentorship. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3187 Gary D. Ferguson

Respondent appeared. This is regarding a property located in Scottsdale, Maricopa County. Complaint alleges the appraisal is flawed and the appraiser declines to refund my fee and or provide another appraisal. Respondent replies I followed USPAP and exercised due diligence while compiling all information and clients requirements and guidelines. The Board discussed comparables selection and Mr. Ferguson's sketches.

Debbie Rudd made a motion for a level 3, minimum of 6 months probation and mentorship. Minimum of 12 reports with remedial education citing violations Scope of Work Rule because the comp selection was not the same quality and was not addressed in the appraisal, 1-1(A), 1-4(A), 2-2(B)(iii), 1-4(B), 1-4(C), and Competency. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3194 Bradley J. Mollen

Respondent appeared. This is regarding a property located in Goodyear, Maricopa County. Complaint alleges inappropriate comparables sales, ignoring best most recent sales and inappropriate view adjustments to inflate appraised value. Respondent replies best comps used. Additional documentation was also provided to support the use of positive view adjustments for the subject's premium lot location/view. Debbie Rudd made a motion to dismiss no violations found. Michael Petrus seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3020 Pamela M. Harris

Respondent appeared. This is regarding a property located in Flagstaff, Coconino County. Complaint Alleges the appraiser's assessment of value of these property features appears to be based entirely on opinion and conjecture, rather than objective data. Respondent replies best comps used, I valued the subject under the acceptable Scope of Work for the assignment and definition of market value as described in the

appraisal. Debbie Rudd made a motion to dismiss no violations found. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3186 Maryanne C. McCuin

Respondent appeared. This is in regards to complaint 3107. It is a Board opened complaint for lack of response to subpoena that the respondent's husband signed for. Ms. McCuin answered the Board's questions regarding her mail and current address. James Heaslet made a motion to find a level 1 with a nondisciplinary letter of concern. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3205 Ronald K. Kimura

Respondent appeared. This was a Board opened complaint after dismissing complaint 3162 against James Camp on the same property. The Board found appraisal was misleading to the intended user regarding damage noted in home as it was not cosmetic. The Board discussed the damage and Mr. Kimura answered the Board's questions. Debbie Rudd made a motion to find a level 2 Due Diligence with remedial education citing violations 1-1(B) for misclassification of repairs, 1-4(A), 2-1(A), and 2-2(B)(iii). James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3179 Brad L. Duecker

Respondent was not present. This is regarding a property in Tucson, Pima County. Complaint alleges following a review, several USPAP errors were found. Respondent did not reply but did provide a copy of appraisal and work file. Cynthia Henry discussed the property with the Board. Complaint 3133 is currently against this appraiser and under investigation. Debbie Rudd made a motion to table this complaint until complaint 3133 is received from investigation to see if this is a trend. Michael Petrus seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3188 Kevin P. Dowling

Respondent was not present. Complainant was present. Debbie Rudd recused herself. Staff summary was read. This is regarding a property in Tucson, Pima County. Complaint alleges multiple USPAP errors that reflected a general inattentiveness and an absence of careful research in the performance of the work assignment. Respondent replies the opinion of market value is well supported. With a two year inventory, declining market, and minimal sales, my opinion of value was reconciled at the lower end and slightly above #4 which appears to set the upper limit of value. Complainant answered Board questions. Michael Petrus made a motion to table until at least April and invite respondent to an informal hearing. James Heaslet seconded the motion. The motion passed with 1 recusal.

Review and Action concerning 3189 Kathleen N. Pacello

Respondent was not present. Staff summary was read. This is regarding a property in Phoenix, Maricopa County. Complaint alleges following a field review multiple USPAP errors were found. Respondent replies I now understand that I misjudged the magnitude of the external obsolescence. However, the misjudgment was not a result of not doing what I believed to be my due diligence at the time, and was in no way an attempt to mislead the client or reader of the report. Debbie Rudd discussed property with Board and found violations 1-1(A), 1-4(A) & (B), and 2-2(B). Debbie Rudd made a motion to invite respondent to an informal hearing. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3203 Joseph M. Delaney

Les Abrams informed the Board that this matter was tabled until March at the request of the respondent.

Review and Action concerning 3191 Stephen M. Steitz

Respondent was not present. This is a Board opened complaint for inappropriate comparable selection and lack of discussion or adjustments for seller concessions. Respondent replies comps were chosen because they are also recently updated properties of similar age and GLA size which are located in the same El Mirage neighborhood. MLS data and research sources could not verify any seller concessions for the comps. Board discussed comparable selections. James Heaslet made a motion to invite respondent to an informal hearing. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3211 Thomas J. Pollei

Respondent was not present. Staff summary was read. This is regarding a property located in Congress, Yavapai County. Complaint alleges appraiser did not adjust value for declining market. Believe appraiser never even drove by property, inappropriate adjustments for lot size. Believe appraiser framed opinions in an attempt to gain lender business. Respondent replies best comps used, I did perform an exterior only appraisal as requested by my client. The property was inspected from the street as evidenced by the photos included in my report. Michael Petrus made a motion to dismiss. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

Formal Hearing concerning 2792 Renee A. Devries

Dan Pietropaulo stated that the respondent was notified via regular and certified mail. The regular mail did not come back and the certified mail was signed for. Jeanne Galvin made an opening statement on behalf of the State and informed the Board that Ms. Devries was required to get a mentor and provide 24 reports to the Board in addition to remedial education. Ms. Galvin stated that in the 18 months since the consent agreement the respondent has failed to complete the remedial education and the State is asking for the revocation of the respondent's license. Ms. Galvin presented the State's case. Debbie Rudd moved that the Board adopt the Findings of Fact. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board adopt the Conclusions of Law. James Heaslet and Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board revoke license 11897 for Renee A. Devries. James Heaslet and Cynthia Henry seconded the motion. The Board did a roll call vote and the motion passed unanimously.

New Business: Discussion, consideration, and possible action on legislation proposed by CoAA (Coalition of Arizona Appraisers).

Ben Alteneder representing CoAA wished to inform the Board that House Bill 2284 (which is in reference to Board of Appraisal disciplinary proceedings regarding the 18 month extension) passed out of the House and into the Senate by a vote of 60 to 0. House Bill 1180 is in the House and passed 24 to 5. Senate Bill 1181 (which is in reference to changing the Board composition and fee structure) is dead as the deadline was today and it was not heard in appropriations committee. The Board discussed Senate Bill 1181 and Mr. Alteneder informed the Board that the bill will not be heard this session in that form and as far as he is aware this is no plans for a striker. The Board discussed House Bill 2284 and that it only applies to complaints that are in process at the time of the appraiser's license expiring and not new complaints opened after the expiration. The Board heard Calls to

the Public regarding New Business: discussion, consideration, and possible action on legislation proposed by CoAA (Coalition of Arizona Appraisers).

Anne Susko stated that the 18 month legislation was not put in there by CoAA. That was something put in there by the legislators.

Joanna Conde stated that she wants to be included in the legislation and would like someone from the Board to clarify information. She also stated that James Heaslet has done an excellent job as a licensed appraiser on the Board.

Dan Pietropaulo discussed some emails that had been sent out in the last couple of days and that contained information that was not totally accurate. The first email stated that the Board was not aware of the legislation until the January Board meeting. Mr. Pietropaulo stated that he was invited to a meeting to listen to possible legislation proposals. He did attend the meeting, but not to represent the Board. He was appreciative to be invited to hear what was proposed and explain his opinions regarding the impact to the Board and if it might be difficult to implement. He did not see the legislation until it was done. Mr. Pietropaulo stated that it is not his job to get upset or try to control the author of legislation, but rather to provide input and deal with the end result. The Board did not send out notice of the legislation because it is not the Board's legislation.

The second email stated that there was going to be a 15% raise in appraiser fees which would be a \$60 increase. Mr. Pietropaulo stated that he had several conversations with people and that what he said is that he doesn't know if the Board will need to raise fees, but there is a strong likelihood that they would not have to. It's not that the Board doesn't have money – it's that the Board doesn't have the appropriation. You can have money in the bank, but if you don't have the appropriation to spend it, then essentially you are broke. Mr. Pietropaulo stated that the Board is currently running exactly with the appropriation which means that there is no excess for play in the system. Currently funds from the appraisal side are helping to run the appraisal management company side.

Mr. Pietropaulo thanked everybody involved in any legislation and future legislation as it is what makes the Board operate. He appreciates that there are several groups working with legislation and that their goal is to better the board and the process. Les Abrams encouraged the authors of legislation to keep the Board informed through Dan Pietropaulo.

Janet Abakuks stated that she is not politically savvy or connected and that as an appraiser she had no idea that legislation was in the political process that directly impacted her. She asked why there is not a process in place to communicate with the appraisers before legislation is passed instead of after. The Board discussed that they can not get involved in political issues because they are a regulatory agency. They recommended that appraisers get involved, come to Board meetings, check the public websites where you can look up the bills by category, visit statutes, and get on all the organizations distribution lists.

Investigative File Review concerning 2926/2927/2928/2929/ 2930 Scott A. Gary

Respondent was not present. Debbie Rudd made a motion to accept all investigative reports. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd made a motion to invite respondent to an informal hearing.

James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Investigative File Review concerning 2975/2976/2977/2978/2979/2980/2981/2982 John S. Colman

Respondent was not present. James Heaslet made a motion to accept all investigative reports. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion. James Heaslet made a motion to invite respondent to an informal hearing. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 2860/2861/3014/3015/3016 Greg J. Ignaszewski

Respondent was not present. Debbie Rudd made a motion to close without prejudice and to reopen in the event he reapplies. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3135 Carolyn Moore

Respondent was not present. Debbie Rudd made a motion to accept mentor. Michael Petrus seconded the motion. The Board voted unanimously in favor of the motion.

12 File Review

Jeanne Galvin, Assistant Attorney General gave a report to the Board outlining the 12 month status report.

AMC's (Appraisal Management Companies) Ratification: Discussion, consideration, and possible ratification of AMC's approved for registration.

Les Abrams read into the record each AMC listed on the consent agenda. All of these AMCs are currently on the approved AMC list posted on the Board's website and are already authorized to do business in Arizona. James Heaslet moved that the Board ratify all of the AMCs on the agenda. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Executive Director Report

Jeanne Galvin, Assistant Attorney General reported to the Board that the Assistant Attorney General's assignments are behind. She anticipates being current with January in a couple of weeks. Dan Pietropaulo reported to the Board that there are thirty eight files waiting for investigation, two files with investigation, thirty one files pending reply, and three files that are waiting to be heard before the Board. Mr. Pietropaulo informed the Board that the makeup up the appraisal numbers has changed. The total number of appraisers used to include non resident temporary appraisers, but it no longer does.

Budget Committee

Dan Pietropaulo reported that the budget is almost perfectly on target with projections, which is good and bad. This means that there is no room for slack. He is looking into a couple of areas to try and find a buffer so the Board doesn't go over appropriation. The Governor is trying to sweep \$160, 000 but Mr. Pietropaulo is working on stopping the sweep as the funds we have this year need to carry through to next year.

Rules Committee

Dan Pietropaulo reported that customary and reasonable fees are not being discussed in rules as it is not in statute. He believes that the Board has a definition of what an AMC is that will comply with the Dodd Frank act. There will be a survey going out to the

AMC's to find out what system they have in place to do reviews. Once the Board has received the result of the survey the next rules meeting will be set.

Application Review Committee

The following Arizona appraiser and property tax agent information as of February 17, 2011:

	<u>2/09</u>		<u>2/10</u>		<u>2/11</u>
Licensed Residential	840		607		476
Certified Residential	1244		1203		1184
Certified General	828		816		805
Nonresident	40	Total	52	Total	65
Temporary		2912		2626	Total
Property Tax Agents	298		347		2465
					353

James Heaslet moved the Board approve all items on the application review committee agenda except for applications 7922, Robert D. Sather; 8071, David R. Schley; 8076 Randy J. Liversage, 8078, Obie D. Henney, 8079, Jason P. Brown and 141, Appraisal Management Services of America, Inc. Debbie Rudd made a motion that the Board accepts the committee's recommendations with the exceptions as listed. Kevin Yeanoplos seconded the motion. The Board voted unanimously in favor of the motion.

Education Review Committee

Debbie Rudd recommended to the Board that they approve all items on the education review committee agenda. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

New Business B: Discussion, consideration, and possible action on the attendance for Spring AARO (Association of Appraiser Regulatory Officials) Conference in April by one or more Board member/Staff and required funding

Debbie Rudd said that she attended the AARO conferences and that last year due to lack of Board funds, she paid for attendance herself. Dan Pietropaulo said he is prepared to go at his own expense and will try to find room in the budget to help cover the expense of Board members who want to go, but the budget is very tight.

Confirmation of Meeting Dates, Times, Locations and Purposes

The Rules Committee Meeting will be cancelled for March until the AMC survey regarding AMC's appraiser review systems that they have in place can be sent and the results of said survey are received.

ADJOURNMENT

The meeting was adjourned.


Lester G. Abrams, Chairperson